

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

LEA MÁRQUEZ PETERSON, Chairwoman
 SANDRA D. KENNEDY
 JUSTIN OLSON
 ANNA TOVAR
 JIM O'CONNOR

IN THE MATTER OF POSSIBLE
 MODIFICATIONS TO THE COMMISSION'S
 ENERGY RULES

Docket No. RU-00000A-18-0284

Clean Air Task Force's (CATF) Comments on Reconsideration of the Energy Rules

In November 2020, the Commission voted to commence formal rulemaking on the proposed Energy Rules. On May 5th, the Commission voted to pass Commissioner Olson Amendment No. 4 that made the provisions within 2704(B) of the Rules optional, voluntary goals, instead of standards.¹ This included the energy efficiency provisions, carbon dioxide reductions, and energy storage requirements. This much weakened Rule failed to garner majority support among the commissioners. On May 11th, Commissioner Kennedy called for reconsideration of the Energy Rules.² On May 12th, Chairwoman Márquez Peterson filed a detailed letter in the docket regarding this request.³ Several points bear comment.

Energy rules provide necessary guidance and signals to ensure least cost deployment of capital in a timely manner.

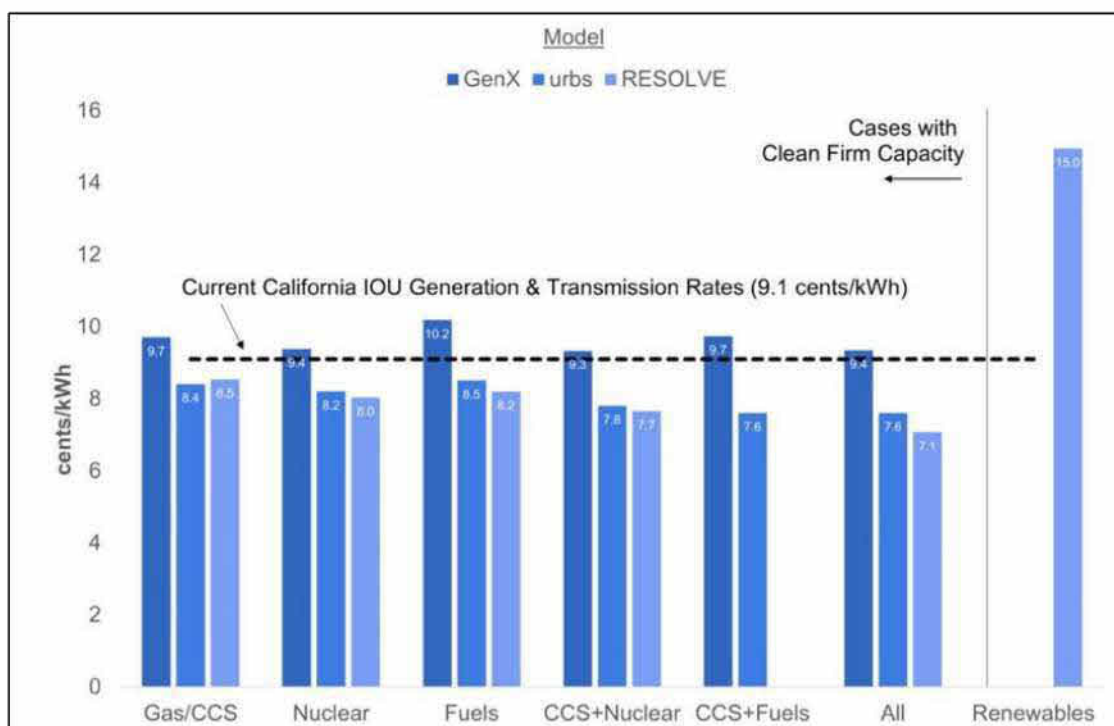
The Commission has hired Ascend Analytics to analyze the Final 2020 Integrated Resource Plans (IRP) and increased the scope of that contract to include a cost analysis of the Energy Rules. Incorporating these anticipated analytical results would appear to be of particular value for deliberating upon the prudence of the Rules. In the interim, though Arizona specific analysis is in process, comparative analysis in other jurisdictions make clear that decarbonizing Arizona's electricity by mid-century, with an all-inclusive generation strategy, is clearly competitive with current electricity costs. For example, as illustrated in the figure⁴ below, analogous analysis of California's decarbonization pathways offer guidance that mid-century electricity cost in the Arizona context would be expected to be comparatively equivalent to 2020 electricity costs.

¹ Commissioner Olson Amendment 4, available here <https://docket.images.azcc.gov/E000013333.pdf?i=1620931313302>.

² Commissioner Kennedy Letter, 5.11.2021, available here <https://docket.images.azcc.gov/E000013454.pdf?i=1620931313302>.

³ Chairwoman Márquez Peterson Letter, 5.12.2021, available here <https://docket.images.azcc.gov/E000013466.pdf?i=1620931313302>.

⁴ Long, Jane C.S., Ejeong Baik, Jesse D. Jenkins, Clea Kolster, Kiran Chawla, Arne Olson, Armond Cohen, Michael Colvin, Sally M. Benson, Robert B. Jackson, David G. Victor, and Steven P. Hamburg. "Clean Firm Power is the Key to California's Carbon-Free Energy Future." *Issues in Science and Technology* (March 24, 2021).



Modeled estimates of wholesale generation and transmission costs for 100% carbon-free electricity for 2045. The three colored bars indicate results from three models for several technology scenarios. The bar on the right is for the all-renewable pathway. GenX is the Princeton model, URBS is from Stanford and Resolve is from E3.

Additionally, bringing forward the deployment of zero-carbon generation sources also brings forward quite substantial associated health benefits, which translate into the avoidance of 557-737 premature deaths (approximately \$0.5-0.6 Billion in avoided damages)⁵ versus business-as-usual.

It is also of note, that backloading the buildout of generation, rather than commitments to “smooth the curve” by bringing forward generation buildout, increases the risks that constraints on labor, capital, permitting and planning as well as constraints on necessary inputs would lead to unnecessarily incurred costs.

CATF supports reconsideration and moving forward with the Energy Rules without Commissioner Olson’s Amendment No. 4.

Submitted this 18th day of May 2021.

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⁵ Larson et al. 2020, *Net-Zero America*.